



City of Aurora

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Thomas J. Weisner
Mayor

November 30, 2010

Members of the City Council and Aurora Residents and Businesses:

As a city, we have much to be thankful for this year. In the midst of what many experts have suggested is the worst U.S. recession since the Great Depression, Aurora continues to persevere and has achieved much success:

- ***Crime dropped another 3.24% to a 31-year low.*** Police officers took fewer reports for major crimes in 2009 than any year since 1978.
- ***Opening of Aurora's new Police Headquarters.*** This state-of-the-art and sustainable facility became operational in January and features 21st century crime-fighting capabilities. It replaces a deteriorating and technologically outdated building, built for fewer than 150 sworn officers, with a modern facility that will serve more than 300 public safety personnel.
- ***Opening of the New 911 Center and New Public Safety Radios.*** On November 30, we will open the new 911 Center within the police headquarters building. One day later, we will put a new digital public safety radio system into service. These technological improvements will ensure that our police officers and firefighters have state-of-the-art equipment available to them while serving the community. City departments other than the Fire and Police Departments will also experience increased operational efficiency through connection to the new radio system.
- ***New Self-Contained Breathing Apparatus.*** All of our firefighters are in the process of receiving new self-contained breathing apparatus (SCBA). The existing SCBA are nearing the end of their useful life. The new apparatus will uphold the safety of our firefighters as they endeavor to protect the public. The total cost of the replacement units will be approximately \$500,000. We were fortunate to receive a federal grant to cover 80% of the total cost.

- ***New Automated Fingerprint Identification System.*** The city has purchased and implemented a new automated fingerprint identification system reducing the time it takes to process fingerprints from several months to several days.
- ***Crime-Free Housing Initiative.*** Early in 2009, we introduced the Crime-Free Housing Initiative. The program is designed to reduce crime in residential rental units through the registration and inspection of the housing. In addition, the program requires landlords to attend a city-sponsored training course on how to maintain crime-free housing. Landlords must also conduct criminal background checks of all prospective tenants. To date, approximately 6,113 properties have been registered for the program. Since the program's inception, 71% of landlords have attended the training course and more than 97% of the rental properties have been inspected.
- ***Street Resurfacing Program.*** In 2010, we resurfaced 30.3 lane-miles of residential streets. This annual program has had a direct, positive impact upon Aurora's neighborhoods. The city also completed an independent assessment of all neighborhood streets, which provides an objective guide to improve neighborhood streets in the future. Furthermore, in recognition of the importance of properly maintaining the city's broader road network, we resurfaced 20.2 lane-miles of arterial streets.
- ***East Indian Trail – Mitchell Road to Farnsworth Avenue.*** We completed the widening of East Indian Trail Road from Mitchell Road to Farnsworth Avenue. The total cost of the project was about \$7.6 million. However, a grant from the federal government covered \$6.0 million of the cost. Through the project, we have enhanced a major east-west thoroughfare in the city.
- ***Near East Side and Near West Side Sewer Separation.*** The ineffectiveness of combined sanitary and storm sewer lines in certain sections of our city has been recognized for many years. When combined sewer lines are overcome, flooding and sewer back-ups result. We have taken numerous steps to resolve the problem in many neighborhoods for the past several years. This year, we separated the combined sewers in three targeted areas of the city: 1) the area bounded by Oak Avenue, Lake Street, Spruce Street, and West Park Avenue; 2) the area bounded by May Street, Grand Avenue, Spruce Street, and Downer Place; and 3) the area bounded by Fulton Street, Claim Street, East Avenue, and Stewart Street. In total, we constructed 16,000 lineal feet of storm sewer at a cost of \$4.6 million. Most of the resources for these projects came from interest-free loans from the Illinois Environmental Protection Agency.
- ***Peerless Industries Moves to Aurora.*** In June, Peerless Industries, one of the largest U.S.-based manufacturers of audio-visual mounting solutions, moved its operations from two campuses in Melrose Park to a single location in Aurora's White Oak Business Park. Peerless will occupy a 307,813 square-foot facility on 22.5 acres. The company made the move to consolidate its operations, upgrade to a more modern and energy-efficient facility, and provide room for physical expansion.
- ***New Restaurants and Retailers.*** The city welcomed several new restaurants and retailers in 2010 including, Chick-fil-A, Golden Corral, Chipotle, Chef Amaury's, Garden Ridge, Von Maur Dry Goods and more.
- ***Neighborhood Stabilization Program.*** The city obligated all of the \$3.1 million that we were awarded by the United States Department of Housing and Urban Development for the Neighborhood Stabilization Program. Through the program, the city and its partners have been

able to purchase 14 residential properties that were vacant, abandoned, or foreclosed during the current economic downturn. The program also provides for the rehabilitation of the properties so as to improve existing housing stock and stabilize property values. Some of the properties will be resold and others will be rented.

- ***Water Billing Integrated Voice Response (IVR) System.*** This month, we activated a new IVR system for our water and sewer utility. Through the new system, customers can efficiently check their account balances, pay their bills via credit or debit card, and perform other tasks that lend themselves to automation. A live service representative will remain available if the customer desires to bypass the IVR system.
- ***Voice-Over-Internet Protocol (VOIP) Telephones.*** During 2010, we converted the city's entire telephone system to one employing VOIP technology. The new system is more efficient and will reduce our telecommunications costs by \$250,000 annually.
- ***RiverEdge Park Grant.*** In October 2010, Governor Quinn visited Aurora and announced that the State of Illinois is providing an \$8 million dollar Rivers Edge Redevelopment grant towards the construction of the Rivers Edge Park. The funds will create an estimated 150 construction jobs and serve as a catalyst for additional development designed to bring between 450 to 600 private sector jobs to Aurora.
- ***Sustainability Efforts.*** Through Energy Efficiency and Conservation Block Grants in addition to American Reinvestment and Recovery Act funds, three city buildings were retrofit with energy and cost saving light fixtures. The new fixtures will cut costs by an estimated 40% annually, last up to 4,000 hours longer and feature lower operating temperatures to lower air conditioning costs for the city. Additional projects funded by the American Recovery and Reinvestment Act included the opportunity for local residents to receive rebates or matching funds for energy efficient home upgrades.
- ***Downtown Improvements.*** The Grand Army of the Republic Memorial Museum received \$250,000 in Public Museum Capital grant funds from the Illinois Department of Natural Resources. The grant will fund interior renovations to the historic downtown building.
- ***Phillips Park Improvements.*** In September, city leaders broke ground on a new Skate/BMX facility at Phillips Park. The 7,000 square foot park is partially funded by \$400,000 in Open Space Lands Acquisition and Development (OSLAD) program grant money from the Illinois Department of Natural Resources as well as \$185,000 from third ward funds.
- ***Awards and Recognition.*** In 2010, the City of Aurora was recognized for a variety of accomplishments. The Water Production Division received the Directors Award, granted by the Partnership for Safe Water with the US Environmental Protection Agency for Water Safety and Quality. The city also received the Conservation Foundation's Sustainable Development Award at the organizations winter meeting. Lastly, the new Aurora Police Department Headquarters received the "Oscar" of the commercial real estate industry, receiving the "Build to Suit Award".

- ***After School and Summer Programs.*** In August, 2010 Johnson Elementary School welcomed the Jesse White Tumblers, who implemented a free gymnastics program for students from October through May. The recreation activity was a collaborative effort from Illinois Secretary of State Jesse White, the City of Aurora, churches and local social service organizations. The city also partnered with Communities and Schools to offer summer youth programming for young residents and students attending Aurora schools. This partnership resulting in a total savings of \$800,000 to the city.
- ***Citywide Partnerships.*** The city utilized partnerships with several local businesses to provide Super Screen Saturday Nights at Phillips Park. The screenings provided free, family friendly entertainment throughout the summer. Aurora also worked in conjunction with several local organizations including Kiwanis, Rotary Clubs, Rebuilding Aurora Together and the Friends of Phillips Park to provide summer flowers, holiday decorations, community cleanups, home repairs for the elderly and updates to Phillips Park.
- ***Free City Services.*** The city offered free electronic recycling services to residents. The service began in July and ran through November. Free leaf collection was also offered from October through December. Lastly, in celebration of Arbor Day, Aurora gave away 600 oak tree seedlings to residents.

Shortly after I began my first term as Mayor in 2005, we began prioritizing resources for programs and capital to upgrade the delivery of city services, enhance public safety, build our economic base, and establish Aurora as a regional technology and environmental leader. We also invested wisely to improve our ailing infrastructure and implemented a private sector model of metrics to improve government efficiency. We've made significant progress toward reaching these goals, and while the 2011 City Budget scales back spending in many areas, we must continue to invest in projects and programs that move the city further down a path of success. Long-term success is based on commitment, even in the face of adversity. While the city must adjust to changing economic conditions, this budget remains focused on its core goals.

Fiscal Responsibility

The city has been working diligently since 2008 to reduce costs. In 2010, we reduced our workforce by 73.5 full-time equivalent (FTE) positions (through voluntary separation programs, as well as layoffs). In fact today, there are 25% fewer executive employees as the city had just three years ago. We also cut nonessential service levels, consolidated city departments, implemented pay freezes and instituted furlough days for non-bargaining units. Last year, many employee groups worked with the city by agreeing to wage and benefit concessions.

Unfortunately, the economic situation facing cities across the nation, including Aurora, has not improved – in fact it has worsened. The 2011 budget projects a 4% decrease in the city's equalized assessed value (EAV). A look at five main sources of revenue shows an \$11.2 million reduction for 2011, when compared to actual revenues from those same sources in 2007.

The prospect of an \$18 million deficit heading into 2011 caused us to further reduce our workforce by an additional 98 FTE positions (through voluntary programs, as well as layoffs), bringing the total reduction over two years to more than 175 FTE positions. The 2011 budget will once again reflect dramatic cuts in non-essential services across the city, including the elimination the Office of Special Events, historic preservation

incentives and other non-essential services. However, given that nearly 85% of the city's General Fund costs are personnel related, there was simply no other choice than to once again look to reduce employee costs to balance the budget.

In order to save jobs and minimize impacts to services, the city has asked all employees groups for a reduction in compensation through wages and benefits. Recognizing the gravity of the situation, union leaders from 3 of the 4 major bargaining groups are in concession talks with the city. If concessions are not realized, the city will be forced to layoff additional personnel and reduce costs in other areas in order to maintain a balanced budget in 2011.

The 2011 budget once again freezes salaries and authorizes 10 furlough days for non-bargaining unit employees – executive and non-exempt professional staff. Additionally, it includes projected savings from moving these employees to a revised health insurance model, which requires them to pay a fixed percentage of the premium and increases out of pocket costs. Employee benefit programs such as the Health and Wellness Incentive and Tuition Reimbursement Program have been suspended, where possible.

In 2010, the city implemented a new model for providing youth services, focusing on public/private partnerships. The model allowed the city to provide similar service levels at a savings of nearly \$800,000. Cuts in special events, public art and historic preservation in 2011 will once again require the city to look at strategic partnerships in order to move forward many of these non-essential services and programs.

At the same time, many revenues are flat or declining, the city is experiencing pressure on the cost side of the ledger, mainly due to increases in health care costs and state-mandated pensions for police and fire personnel. In 2010 costs for public safety pensions rose by \$3.6 million dollars due to poor performance of investments and increases in benefits passed by the State of Illinois. For police pensions, these unfunded mandates have caused local pension costs to shoot up nearly 270%, from \$2.7 million in 2000 to nearly \$10 million 2010.

For the second consecutive year, Aurora joined together with cities around the state of Illinois to lobby for reform of public safety pensions, which are determined by the State Legislature. Unfortunately, to date, the state has chosen to take no action to reform public safety pensions and bring costs under control. The City of Aurora can no longer absorb these pension cost increases. Therefore, Aurora is taking the lead among cities across the state to separate public safety pension costs, which are not within its control.

Although the city will be embarking on a new approach to funding for state-mandated pension costs, I am proud to report that we are holding the line on taxes. In 2011, the typical homeowner in Aurora should actually pay less in taxes in 2011 than he or she did in 2010.

Effective in 2011, I am recommending separating pension costs from the city's general operating tax rate. Many of the assessor offices already separate these costs on residents' tax bills, however, historically the City of Aurora has absorbed pension increases by reducing its operating budget. For example in 2009, Aurora's operating property tax rate for the general fund was \$1.15. In 2010, increases in public safety pension costs caused Aurora's operating tax rate to drop to \$1.07. If the city continued to absorb pension cost increases in 2011, the operating property tax rate would have dropped another four cents, resulting in a total decrease of \$7.2 million over two years.

2009 & 2010 General Fund and Pension Property Tax Information

Levy Component	2009 Extension		2010 Levy		Percentage Change	
	Paid in 2010		Paid in 2011		Rate	
	Amount	Rate	Amount	Rate	Amount	Rate
General Fund	\$44,906,690	\$1.0725	\$43,060,875	\$1.0725	-4.1%	0.0%
IMRF	2,949,462 *	0.0704	2,711,943	0.0675	-8.1%	-4.1%
Firefighters' Pension	7,908,878	0.1889	8,339,700	0.2077	5.4%	10.0%
Police Pension	9,553,275	0.2282	10,155,400	0.2529	6.3%	10.8%
Pension Subtotal	20,411,615	0.4875	21,207,043	0.5281	3.9%	8.3%
Total	\$65,318,305	\$1.5600	\$64,267,918	\$1.6006	-1.6%	2.6%
Actual 2009 EAV	\$4,187,069,396					
Estimated 2010 EAV			\$4,015,000,000			

*For the 2009 levy, the provision for IMRF costs was aggregated with the provision for the General Fund.

Many communities, as well as the State of Illinois, have responded to pension challenges by underfunding their pension obligations. This is a fiscally irresponsible practice, which compounds the problem and creates a larger bill for future generations. At the same time, we simply cannot continue to absorb this unfunded pension mandate without drastic cuts in essential services, including public safety. Therefore, the 2011 budget holds Aurora's operating property tax rate to \$1.07, however citizens will see an increase in the overall local property tax rate from the traditional \$1.56, to \$1.60 – the four cent increase is a result of increases in state-mandated pension costs.

Despite this, the property tax dollar amount the city will be requesting to be levied in 2011 is \$68.3 million. This is down \$1.1 million from the total dollar amount paid to the city in 2010. As a result, the taxes actually paid by a typical homeowner for both city operations and state-mandated pensions will actually be slightly less than they were in 2010.

Public Safety

Annual statistics prove that crime in Aurora is at its lowest level since 1978, thanks to the diligence of our neighborhood organizations and the hard work of the dedicated police officers who protect our streets. In 2010, our officers moved into the new, state-of-the-art, police headquarters. The new facility includes the latest crime-fighting tools and technology, plus a new \$11.7 million dollar radio system and \$9.5 million emergency 911 center.

Given this sustained success over several years and new technologies designed to improve efficiencies, the 2011 budget does not recommend increased staffing police officers. The city approached all bargaining units to consider wage and benefit concessions to minimize layoffs; however, the police bargaining groups refused to discuss the possibility of concessions. As a result, eight officers received layoff notices in order to balance the 2011 budget. Even with this reduction and attrition, the total number of officers on the street will be 227, which is eight more than were on the street in 2008 when the city achieved a record low crime rate with only two homicides.

The 2011 budget recommends the elimination of 10 unfilled firefighter positions. These positions are not assigned to a specific station, but instead fill in for fire personnel during absences. This reduction will not result in the closure of any fire stations.

Economic Development

Over the past three years, Aurora has strategically focused on creating tools and incentives to encourage economic development in and around the downtown area. Ideally positioned along the banks of the Fox River and close to public transportation, downtown Aurora provides a unique urban environment to live, work and play. Aurora remains committed to restoring downtown and the riverfront to a vibrant commercial and residential center, which benefits every citizen by creating entertainment and cultural possibilities while strengthening the city's tax base. In 2011, we will continue to pursue new mixed-use developments downtown. Mixed-use developments can significantly diversify the tax base, easing the burden on traditional residential taxpayers.

This fall, the city received a grant of \$8 million from the State of Illinois to move forward with the construction of River Edge Park in 2011. The Fox Valley Park District has pledged \$3 million toward the park and the Kane County Forest Preserve District has pledged \$2 million. The multi-phased amenity along the river just north of downtown will offer music, garden and natural areas, and not unlike Millennium Park in downtown Chicago, will have a strong impact in attracting mixed-use development into the vicinity. The result? An improved tax base for our city.

Aurora has come a long way and are on the road to becoming a city with a quality of life that is second to none - a city where new and long-time residents choose to live, work, and stay - a community where our children and our children's children will choose to call home. Although a sluggish national economy has slowed the pace of development in some cases, it hasn't stopped us. The forward progress we continue to make will give us the momentum to fully exploit the improved economy we expect to enjoy beginning some time the next 24 months.

Policies Impacting Upon the Development of the Proposed 2011 Budget

The proposed 2011 budget is based upon certain basic financial policies. Those policies are outlined below.

- The city will provide basic, high-quality municipal services at the lowest possible cost.
- High-priority capital projects, as reflected in the city's Capital Improvements Plan, will be funded.
- Given the economic downturn, we are attempting to moderate employee salaries. We are in negotiations with all of our employee groups to obtain concessions aimed at reducing the city's payroll costs.
- The city has asked that employees contribute more to offset the cost of their health insurance. In the negotiations with our employee groups not currently under contract, we are seeking to have employees make contributions toward their health insurance based upon a percentage of the cost of the city's premium rather than a percentage of salary. This methodology is more consistent with practices observed in the private sector and by other comparable public sector employers. In order to further reduce health insurance costs and to comply with federal healthcare reform enacted in 2010, the city has adopted certain healthcare plan design changes, including increased deductible and co-pay amounts.
- The city will, once again, contribute to the Firefighters' Pension Fund and the Police Pension Fund the full amount of the actuarially recommended employer contribution. Given that the city is reaching full build-out and our equalized assessed value is expected to decline for the second consecutive year in 2011, making the full contribution is a financial challenge. In 2010, our contributions to the public safety pension funds increased by an aggregate 24.9%. The recommended contribution will increase by another 4.1% in 2011. Nevertheless, if we are to be good stewards, we must endeavor to pay for the full cost of employee compensation, including pensions, as it is incurred.
- While not mandated to do so, the city began setting aside money for accrued retiree health insurance benefits in 2005. In 2011, the city will contribute to the Retiree Health Insurance Trust Fund 31% of the actuarially recommended employer contribution associated with governmental funds and the Golf Fund, and 100% of the contribution attributable to the other enterprise funds (Water & Sewer Fund, Motor Vehicle Parking System Fund, and Transit Centers Fund). The total contribution will be \$4.6 million. This is approximately the same amount we contributed in 2010. Due to the economic downturn, we do not have the financial resources at this time to contribute more. However, as the economy improves we expect to gradually increase our annual contribution to the trust fund.

Expenditures Provided for in the Proposed 2011 Budget

In total, the proposed 2011 City Budget includes \$340.0 million in expenditures. The following chart summarizes the changes in the budget.

	2010	2011
Gross Total Expenditures	\$383,051,539	\$340,047,538
Less:		
Carryovers	(35,346,058)	TBD
Net Total Expenditures	<u>\$347,705,481</u>	<u>\$340,047,538</u>
Amount of Change		
Before Prior-Year Carryovers Deducted		(\$43,004,001)
After Prior-Year Carryovers Deducted		(\$7,657,943)
Percentage Change		
Before Prior-Year Carryovers Deducted		-11.2%
After Prior-Year Carryovers Deducted		-2.2%

The decline in expenditures is due to two factors: 1) general cost containment efforts in the 2011 budget and 2) a reduction in the number of city staff members. We have reduced or eliminated the provisions for various non-essential services. For example, the provision for special events has been reduced from about \$770,000 in 2010 to \$179,000 in 2011 and the Special Events Division has been eliminated as an organizational element of the city government. Also, as noted above, we are seeking to moderate the cost of employee salaries and benefits. Furthermore, the number of authorized full-time equivalent city staff positions will decrease by 8.75% in 2011.

The General Fund budget for 2011 is \$134.7 million – 6.2% lower than 2010. The decrease is due to the cost containment measures discussed above.

The proposed 2011 budget includes provisions for key road and bridge projects. The Motor Fuel Tax Fund will support some of the projects, to include:

- **Arterial Road Resurfacing.** The city will resurface approximately 16 lane-miles of arterial streets at a cost of \$2.8 million.

- ***New York Street – Segment II.*** Through 2014, we will work to reconstruct East New York Street from Welsh Drive to Asbury Drive. The total cost of the project is an estimated \$6.0 million. The Illinois Department of Transportation will front-fund the cost of construction and, after Federal assistance, the city's share to be paid with motor fuel tax revenues will be approximately \$1.2 million. During 2011 project engineering will be accomplished. Actual construction is scheduled to begin in 2012.
- ***Downer Place Bridges.*** The two bridges over the Fox River at Downer were originally constructed in 1906. The spandrel walls of these bridges are badly deteriorated and the bridges need to be replaced. Engineering for this project began in 2008. Construction work will ensue in 2011 and 2012. The cost of the replacement will be approximately \$12.0 million. Again, the Illinois Department of Transportation will front-fund the cost of construction and after Federal assistance the city's share to be paid with motor fuel tax revenues will be approximately \$2.4 million.

Capital Improvements Fund A is the city's primary capital projects fund. Through the fund, several capital projects will be accomplished in 2011, especially street improvement projects. Among the most notable projects are:

- ***Neighborhood Street Improvements.*** A provision of \$4.1 million is included in the 2011 budget for resurfacing or rehabilitating neighborhood streets. It is the city's intention to allocate another \$900,000 of federal Community Development Block Grant funds to supplement our neighborhood street resurfacing program. This annual program has been a key component in our overall effort to properly maintain our infrastructure. The 2011 budget will provide resources for the resurfacing/rehabilitation of approximately 30 lane-miles in total.
- ***Right-of-Way Improvement Program.*** In 2011, we will provide \$600,000 for the Right-of-Way Improvement Program. Through this program, the city replaces hazardous sections of sidewalk. In addition, the city reimburses residents for 50% of the costs they incur when replacing drive approaches, curbs, and gutters.
- ***Street Sealing and Patching.*** To improve the useful life of the surfaces of our arterial and collector streets, we will institute an ongoing annual program of street sealing and patching. In 2011, \$150,000 will be dedicated to the program.

A large portion of the resources of the Safety, Health, and Public Enhancement (SHAPE) Fund will be devoted to abating the general obligation debt service related to the new E911 system and public safety radios. However, other SHAPE resources will be directed to:

- ***Ambulance Replacement.*** The budget includes \$320,000 to replace two aging ambulances whose serviceability has declined significantly.
- ***Marked Squad Car Replacement.*** The squad cars used by our Police Department are heavily used. In the 2011 budget of the SHAPE Fund, \$377,000 is provided for the replacement of 13 marked cars.

- **Squad Laptops.** The laptops in the Police Department's squad cars are becoming obsolete. They cannot accommodate emerging software and external hardware developments for in-car video, dispatch mapping, in-car printing, and other functions. In 2011, we will implement a program to replace the laptops in accordance with a three-year cycle. The first-year cost of the program to the SHAPE Fund will be \$360,300.

- **In-Car Video Cameras.** In the coming year, we will continue our program of installing video cameras within the Police Department's squad cars. At a cost of \$81,000, 15 cameras will be installed.

The Water & Sewer Fund will furnish significant financial resources for improvements in the city's water and sewer systems. The major projects to be accomplished are:

- **Sewer Separation.** The ineffectiveness of combined sanitary and storm sewer lines in certain sections of our city has been recognized for many years. When combined sewer lines are overcome, flooding and sewer back-ups result. In 2011, we will separate combined storm and sanitary sewer lines at an approximate cost of \$3.7 million. The proceeds from a 2006 water revenue bond issue will provide most of the resources for these projects.
- **California Court Water Main.** The water main along California Court has sustained multiple breaks during the past few years. The breaks have caused damage to some of the homes on the court. In 2011, the California Court water main will be replaced. The cost of the project will be an estimated \$242,000.

The 2011 City Budget includes the following major staffing changes:

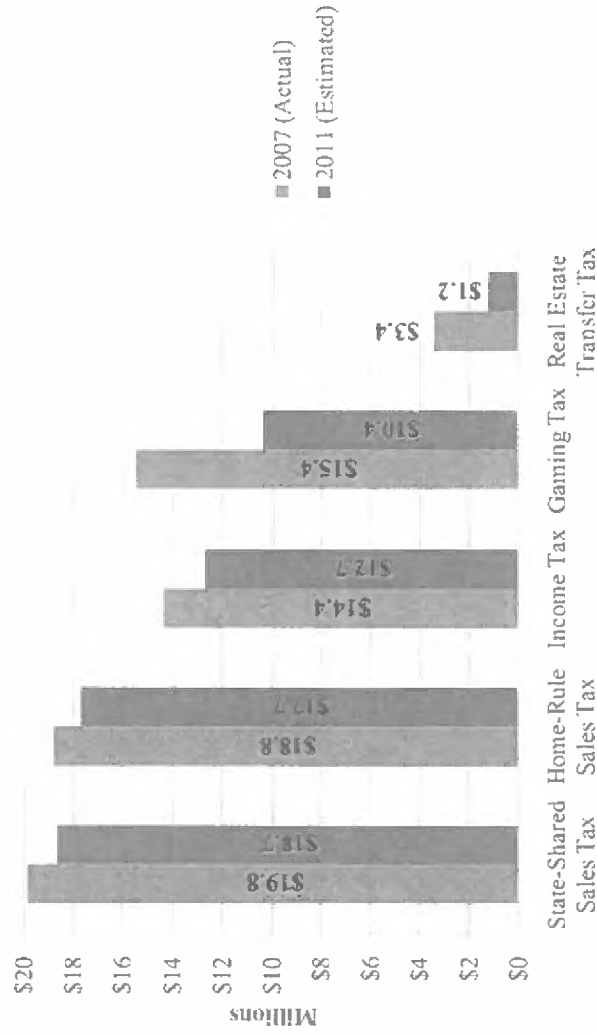
- Reduction of city full-time equivalent employees (FTEs) by 97.75.
- Reduction of General Fund FTEs by 86.75.
- Addition of a Plan Examiner to the Building and Permits Division to accelerate the processing of building permit requests. Plus, the addition of a Special Assistant for Development Facilitation and a Development Coordinator for economic development purposes. These new positions are being funded by increased development fees imposed in 2010.

The above staffing changes have been undertaken with the objective of maintaining the scope and quality of core city services in the face of diminished revenues.

Revenue Projections for 2011

Total revenues projected for 2011 are \$337.4 million. This represents a \$1.0 million or 0.3% increase in the budgeted revenues compared to the prior year. While the revenue picture has improved modestly since last year, our revenues remain lower than they were prior to the recession. The follow graph depicts five significant examples.

**Selected City Revenue Sources
2007 and 2011 Comparison**



The primary General Fund revenue sources are sales taxes, income taxes, and property taxes. The city receives the equivalent of a 1% sales tax from the proceeds of a statewide sales tax that is distributed based upon point of sale by the Illinois Department of Revenue. During 2011, we project that *state-shared sales tax revenue* will be \$18.7 million – approximately the same as the estimated actual amount for 2010. Given that the

timing and strength of the national and regional economic recovery is uncertain, we believe that it is prudent to be reasonably restrained with this key revenue estimate.

The city also has a *home-rule sales tax* in place. It is imposed at a rate of 1.25% generally upon all retail goods except motor vehicles, food, and drugs. For 2011, we have budgeted this revenue source at \$17.7 million. Like state-shared sales taxes, our projection for 2011 is approximately the same as the revenue expected in 2010. Extending past practice on the allocation of home-rule sales tax revenue across selected city funds, the allocation for 2011 will be:

Fund	Amount	Allocation Percentage	Allocation Purpose
General	\$7,080,000	40.0%	General governmental operations
Capital Improvements A	6,655,000	37.6%	Capital projects
Motor Vehicle Parking Systems	350,000	2.0%	System subsidy
Sanitation	75,000	0.4%	Senior discounts on environmental refuse disposal fee
SHAPE	3,540,000	20.0%	Public safety projects
Total	<u>\$17,700,000</u>	<u>100.0%</u>	

With the exception of a few relatively minor grants that the city receives from the State of Illinois, the city is not directly affected by the financial condition of the state government. However, because *income taxes* are distributed by the state based upon a statewide per capita formula, the state's economy does affect the income tax revenues of the city. We estimate that those revenues will be \$12.7 million in 2011, an increase from the \$12.5 million budgeted in 2010. Our 2011 estimate is based upon the distribution forecast of the Illinois Municipal League.

Property taxes (from the 2010 tax levy) are expected to generate a total of \$78.5 million in 2011. The property tax rate for general corporate purposes will remain at approximately \$1.0725 per \$100 of equalized assessed valuation (EAV) as it was in 2010. Because of an expected decrease in the city's EAV of approximately 4.0%, maintaining the same rate will result in a revenue decrease of \$1.8 million for the General Fund. The levies to pay the annual required contributions to the Police Pension Fund, Firefighters' Pension Fund, and Illinois Municipal Retirement Fund will total \$21.2 million – an increase of \$800,000 from 2010. As in the prior five years, the 2010 property tax levy will include a \$4 million component to help pay the debt service on general obligation bonds issued to finance the construction of the new police headquarters. Finally, the amount of Aurora Public Library's component of the levy will be \$10.2 million. The aggregate tax rate for the city and the library is projected to be \$1.9547 per \$100 of an estimated \$4.015 billion EAV. While the 2010 property tax levy paid in 2011 will be about \$1.5 million lower than the 2009 levy, the rate will increase by \$0.0441 per \$100 of EAV due primarily to the increase in pension costs and decrease in EAV.

Gaming taxes, generated from Aurora's riverboat casino, are projected to be \$10.4 million in 2011. This figure is approximately equal to the estimated actual amount for 2010. Gaming tax revenues are expected to decline beginning in 2012 when a new casino opens in Des Plaines, Illinois. Gaming taxes are deposited into a separate special revenue fund of the city and used primarily for debt service abatement, economic development initiatives, and certain non-essential services.

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada presented a Distinguished Budget Presentation Award to the City of Aurora, Illinois, for its annual budget for the fiscal year beginning January 1, 2010. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and we are submitting it to the GFOA to determine its eligibility for another award.

Conclusion

Preparation of the budget is a long and arduous task. I would like to thank all of the city staff members who participated in the preparation of the proposed 2011 budget. Special recognition is in order for Chief Financial Officer/City Treasurer Brian Caputo, Budget Assistant Trisha Steele, and Budget Analyst Adriana Salatova who were at the center of the budget development and production process this year.

Respectfully submitted,



Thomas J. Weisner
Mayor